

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	83.60	(1.88)	0.00	81.72	(1.96)	0.00	81.64	81.64
Personal Services	4,091,204	64,876	0	4,156,080	58,891	0	4,150,095	8,306,175
Operating Expenses	23,459,177	(377,257)	0	23,081,920	(346,474)	0	23,112,703	46,194,623
Equipment	6,800	0	0	6,800	0	0	6,800	13,600
Debt Service	322,092	0	0	322,092	0	0	322,092	644,184
Total Costs	\$27,879,273	(\$312,381)	\$0	\$27,566,892	(\$287,583)	\$0	\$27,591,690	\$55,158,582
General Fund	9,136,214	(101,850)	0	9,034,364	(93,201)	0	9,043,013	18,077,377
State/Other Special	1,133,114	(18,110)	0	1,115,004	(15,383)	0	1,117,731	2,232,735
Federal Special	17,609,945	(192,421)	0	17,417,524	(178,999)	0	17,430,946	34,848,470
Total Funds	\$27,879,273	(\$312,381)	\$0	\$27,566,892	(\$287,583)	\$0	\$27,591,690	\$55,158,582

Program Description

The Operations and Technology Division (OTD) provides operational support services for the agency. Services provided by the division include: budget management; cost analysis and projections for large benefit programs; and all functions related to information technology. The division provides telecommunications network management and security, computer support, communications services, video-conference center management, computer training, vital records management, and internal support services such as lease management, fleet management, and mailroom services.

Information technology systems developed and maintained by staff within the division include:

- ISERV - Information Services - time recording (electronic time sheets) and travel reimbursement
- PERQS - Purchasing, Entry, Receiving and Query System - purchasing and accounts payable system
- AWACS - Agency wide Accounting and Client System - payment data base
- MICRS - Montana Integrated Cost Recovery System - institutional reimbursement system

OTD also manages contracts for several major computer systems including:

- 1) TEAMS - The Economic Assistance Management System, performing on-line eligibility determination for food stamps, Temporary Assistance for Needy Families (TANF), and Medicaid programs;
- 2) CCUBS - Child Care Under the Big Sky, performing automated eligibility determination, case maintenance, payment, and reporting of day care benefits;
- 3) SEARCHS - The System for Enforcement and Recovery of Child Support, performing automated financial management of child support activities including collections, absent parent location, paternity establishment, and order modifications;
- 4) MMIS - The Montana Medicaid Information System, a medical provider claims processing, payment, and information retrieval system;
- 5) CAPS - The Child & Adult Protective Services System, an automated social services information system covering all major program areas of child and adult protective services and juvenile corrections including case management and payment processing functions;
- 6) The MONTANA ACCESS Program - an electronic benefit transfer (EBT) system that provides on-line distribution of food stamp benefits, TANF cash assistance, and child support collections;
- 7) EBCS - EDRS-The Electronic Birth Certificate and Death Registration systems automating registration, issuance, and maintenance of vital events (birth and death);
- 8) TESS - The Eligibility Screening System, automating eligibility functions with two components, one for the Children's Health Insurance Plan (CHIP) and one for the Mental Health Service Plan (MHSP); and
- 9) The Virtual Human Services Pavilion, an internet application designed and developed to provide citizens with easy access to a wide range of government services and information.

Statutory authority is in Title 17 and Title 40, MCA, and Title IV of the Social Security Act, Section 06, P.L. 96-265.

Program Highlights

Operations and Technology Division Major Budget Highlights	
<ul style="list-style-type: none"> 2007 biennium general fund support for the division decreases slightly (0.4 percent) while total funding for the division increases 1.7 percent when compared with the 2005 biennium, due to statewide present law adjustments The majority, 77 percent, of the division funding supports contracts for large automated computer systems <ul style="list-style-type: none"> The requested budget includes no request to fund increases in these contracts 	
Major LFD Issues	
<ul style="list-style-type: none"> The department has announced that effective December 2004 the Budget and Program Analysis unit will move from this division to the Director's Office 	

Program Narrative

OTD provides a number of services and performs a number of functions for the department. The majority of these services and functions are related to information technology management and telecommunications infrastructure and management. However, the division also provides centralized service functions such as budget preparation, analysis and management, purchasing, and mail room services. Additionally, the division manages the statewide vital statistics program, which records and manages information such as birth and death records and preparation of birth and death certificates.

Figure 37 provides a comparison of 2005 and 2007 biennia expenditures and funding. General fund support for the division decreases slightly (0.4 percent) while total funding for the division increases less than 2 percent. Operating expenses comprise 84 percent of the division's expenditures and increase just one percent between the two biennia.

Figure 37 2005 Biennium Compared to 2007 Biennium Operations & Technology Division					
Budget Item/Fund	2005 Biennium	2007 Biennium	Percent of Total	Change	Percent Incr/Decr
FTE	75.50	81.64		6.14	
Personal Services	\$7,887,037	\$8,306,175	15.1%	\$ 419,138	5.3%
Operating	45,731,383	46,194,623	83.7%	463,240	1.0%
Equipment	66,951	13,600	0.0%	(53,351)	-79.7%
Debt Service	551,193	644,184	0	92,991	16.9%
Total Costs	<u>\$54,236,564</u>	<u>\$55,158,582</u>	<u>1.0</u>	<u>\$922,018</u>	<u>1.7%</u>
General Fund	\$18,156,652	\$18,077,377	\$0	(\$79,275)	-0.4%
State Special	2,086,767	2,232,735	4.0%	145,968	7.0%
Federal Funds	<u>33,993,145</u>	<u>34,848,470</u>	<u>63.2%</u>	<u>855,325</u>	<u>2.5%</u>
Total Funds	<u>\$54,236,564</u>	<u>\$55,158,582</u>	<u>1.0</u>	<u>\$922,018</u>	<u>1.7%</u>

Figure 38 summarizes division funding by function. As illustrated in the table, about 21 percent of the division funding supports centralized service and internal computer support functions. These functions include telecommunications and personal computer infrastructure support, internal computer programming, purchasing and mail room services, and budget analysis and management functions. The majority of the funding for the division supports large automated systems that are developed and maintained by contractors. These systems provide a wide variety of functionality related to program eligibility determination, claims processing, data collection, case management support, and payment processing. It is noteworthy that no inflationary increase in these contracts has been requested for the 2007 biennium. A small portion of the division funding (2 percent) supports the collection, maintenance, and management of vital statistic databases for the state.

Figure 38
Operations and Technology Division
Summary of Funding by Function

Function	Fiscal 2004 Actual		Fiscal 2006 Requested		Fiscal 2007 Requested		2007 Biennium		Percent Increase	Percent of Division
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds		
Centralized Services										
Division Administration	\$132,548	\$388,566	\$126,428	\$370,624	\$142,300	\$417,155	\$268,728	\$787,779	1.4%	1.4%
Budget and Analysis	194,473	447,408	198,150	455,865	197,888	455,265	396,038	911,130	1.8%	1.7%
Network and Communications Svcs.	486,083	1,344,087	457,699	1,265,601	457,369	1,264,689	915,068	2,530,290	-5.9%	4.6%
Information Systems Bureau	764,249	1,693,482	781,684	1,732,116	781,309	1,731,285	1,562,993	3,463,401	2.3%	6.3%
Internal Support	675,182	2,078,775	618,413	1,903,994	611,612	1,883,051	1,230,025	3,787,045	-8.9%	6.9%
Total Centralized Services	\$2,252,535	\$5,952,318	\$2,182,374	\$5,728,200	\$2,190,478	\$5,751,445	\$4,372,852	\$11,479,645	-3.6%	20.8%
Contracted Computer Systems										
TEAMS	2,784,238	8,606,077	2,776,256	8,581,406	2,776,485	8,582,112	5,552,741	17,163,518	-0.3%	31.1%
SEARCHS	680,141	2,833,930	668,705	2,786,280	668,766	2,786,536	1,337,471	5,572,816	-1.7%	10.1%
CAPS	1,499,993	2,834,954	1,483,561	2,803,898	1,483,687	2,804,136	2,967,248	5,608,034	-1.1%	10.2%
WIC	270,000	270,000	270,000	270,000	270,000	270,000	540,000	540,000	0.0%	1.0%
Medstat	113,750	455,000	113,750	455,000	113,750	455,000	227,500	910,000	0.0%	1.6%
MMIS	1,325,669	6,327,238	1,327,352	6,335,272	1,327,344	6,335,234	2,654,696	12,670,506	0.1%	23.0%
Total Contracted Computer Systems	\$6,673,791	\$21,327,199	\$6,639,624	\$21,231,856	\$6,640,032	\$21,233,018	\$13,279,656	\$42,464,874	-0.4%	77.0%
Other										
Vital Statistics	209,888	599,756	212,366	606,836	212,503	607,227	424,869	1,214,063	1.2%	2.2%
Total Operations & Technology Div.	\$9,136,214	\$27,879,273	\$9,034,364	\$27,566,892	\$9,043,013	\$27,591,690	\$18,077,377	\$55,158,582	-1.1%	100.0%

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the executive.

Program Funding Table Operations & Technology						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 9,136,214	32.8%	\$ 9,034,364	32.8%	\$ 9,043,013	32.8%
02381 02 Indirect Activity Prog 09	743,246	2.7%	720,534	2.6%	723,007	2.6%
02419 Vital Statistics	389,868	1.4%	394,470	1.4%	394,724	1.4%
03598 03 Indirect Activity Prog 09	17,609,945	63.2%	17,417,524	63.2%	17,430,946	63.2%
Grand Total	\$ 27,879,273	100.0%	\$ 27,566,892	100.0%	\$ 27,591,690	100.0%

The division (other than vital statistics) is funded by general fund (33 percent), state special revenue (4 percent), and federal funds (63 percent) through a complex federally approved cost allocation process. Vital statistics is funded by a combination of general fund and state special revenue from fees charged for items such as birth or death certificates.

Program Reorganization

The department announced that effective December 2004 the Budget and Program Analysis Unit would be organizationally moved from this division to the Director's Office. The executive budget request does not reflect this reorganization.

**LFD
ISSUE**

The legislature may wish to direct staff to prepare a decision package reflecting this change, so that HB 2 properly reflects the budget for both programs impacted by this change.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----					-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					348,213					345,872
Vacancy Savings					(177,575)					(177,485)
Inflation/Deflation					(291,320)					(290,763)
Fixed Costs					(85,937)					(55,711)
Total Statewide Present Law Adjustments					(\$206,619)	(\$178,087)				
DP 9999 - Statewide FTE Reduction										
	(1.88)	(36,077)	(9,375)	(60,310)	(105,762)	(1.96)	(37,351)	(9,706)	(62,439)	(109,496)
Total Other Present Law Adjustments										
	(1.88)	(\$36,077)	(\$9,375)	(\$60,310)	(\$105,762)	(1.96)	(\$37,351)	(\$9,706)	(\$62,439)	(\$109,496)
Grand Total All Present Law Adjustments					(\$312,381)	(\$287,583)				

DP 9999 - Statewide FTE Reduction - This decision package reduces funding for personal services by \$73,428 general fund and \$168,201 total funds equivalent to the across-the-board personal services reduction included by the legislature in the 2005 biennium budget.

**LFD
COMMENT**

Please refer to the Statewide Perspectives, Volume 1 for a discussion of this reduction